

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (E 3338-E) for Authority to Institute a Rate Stabilization Plan with a Rate Increase and End of Rate Freeze Tariffs.

Application 00-11-038
(Filed November 16, 2000)

Emergency Application of Pacific Gas and Electric Company to Adopt a Rate Stabilization Plan. (U 39 E)

Application 00-11-056
(Filed November 22, 2000)

Petition of THE UTILITY REFORM NETWORK for Modification of Resolution E-3527.

Application 00-10-028
(Filed October 17, 2000)

**ADMINISTRATIVE LAW JUDGE'S RULING
SOLICITING COMMENTS ON REMITTANCE OF FUNDS
BY PACIFIC GAS AND ELECTRIC COMPANY TO THE
CALIFORNIA DEPARTMENT OF WATER RESOURCES**

The Commission intends to act shortly to implement its decision to allocate the California Department of Water Resources (DWR) revenue requirement among customers of the three major electric utilities. For Pacific Gas and Electric Company (PG&E), details concerning the manner and timing of remittance of funds to DWR have previously been set forth in PG&E's servicing agreement that was approved in Decision (D.) 01-09-015.

In the Draft Decision on DWR's revenue allocation previously prepared by the ALJ, Ordering Paragraph 5 stated that PG&E was to forward funds to DWR at the time specified in the servicing agreement. In making this provision, the

Draft Decision contemplated that the servicing agreement would be approved by the Bankruptcy Court. As stated in Finding of Fact 25 of D.01-09-015, the servicing agreement (in Section 2 of Attachment E) allows PG&E to seek Bankruptcy Court approval of the servicing agreement. However, the PG&E servicing agreement has not yet been approved by the Bankruptcy Court.

In order for the Commission to implement procedures for the remittance of funds by PG&E to DWR in conjunction with the DWR revenue requirement allocation order, however, it will be necessary to prescribe clearly applicable remittance procedures.

Consequently, even though the servicing agreement for PG&E has not been approved by the Bankruptcy Court, portions of the servicing agreement relating to the remittance of funds to DWR could still be used by the Commission as directions for remitting payments in the pending order implementing a DWR revenue requirement allocation.

With that purpose in mind, this ruling is issued to serve notice that the Commission is considering incorporating the relevant language from the PG&E servicing agreement pertaining to remittance of funds as part of its order implementing the DWR revenue requirement allocation applicable to PG&E customers. By using only the language pertaining to the remittance of funds, the decision would not be ordering implementation of any other parts of the servicing agreement. This ruling provides parties an opportunity to comment on the possible use of the relevant portions of the text from the servicing agreement relating to the remittance of funds to DWR.

In order to facilitate parties' preparation of comments on this issue, the relevant excerpts from the PG&E servicing agreement that was approved in D.01-09-015 are attached hereto. Comments are solicited as to whether any party

objects to the use of this language to prescribe the remittance procedures for PG&E, or whether any revisions, including additions or deletions, are proposed.

IT IS RULED that:

1. Comments are solicited from parties concerning the possible use of the attached excerpts from the servicing agreement approved in Decision 01-09-015 as rules governing how Pacific Gas and Electric Company (PG&E) is to remit funds to Department of Water Resources (DWR) in conjunction with an order by the Commission regarding DWR revenue requirement allocation.
2. One round of comments shall be filed by December 12, 2001.

Dated December 6, 2001, in San Francisco, California.

/s/ THOMAS R. PULSIFER

Thomas R. Pulsifer
Administrative Law Judge

**EXCERPTS FROM PG&E SERVICING AGREEMENT
RELATING TO REMITTANCE OF FUNDS**

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Soliciting Comments on Remittance of Funds by Pacific Gas and Electric Company to the California Department of Water Resources on all parties of record in this proceeding or their attorneys of record.

Dated December 6, 2001, at San Francisco, California.

/s/ TERESITA C. GALLARDO
Teresita C. Gallardo

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.